



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, February 18, 2014

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

PRESENT: David Scholefield, Chairperson
Tom Enders, Vice-Chairperson
Ace Bailey
Carl Grupp
Camille Hill
Ren Hirose
Robert McCreary

STAFF: Steve Geiogamah
Lee Guillory
Holli Shannon
Paul Katsenes
Madeline Clemann

GUESTS: Rachel Sacco, SCVB
Caroline Stoeckel, SCVB
Rachel Pearson, SCVB
Sandy Schenkat
Jason Rose, Horse & Horsepower

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m. He welcomed Camille Hill to the TDC.

2. Approval of Minutes

- January 21, 2014 Regular Meeting

Chairperson Scholefield clarified that the Smith Travel Report was reviewed, and corrected the vote count for the election of officers.

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE JANUARY 21, 2014 TOURISM DEVELOPMENT COMMISSION REGULAR MEETING AS AMENDED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

Steve Geiogamah presented the Sunset Review audit letter, as well as documentation on trolley ridership numbers.

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that bed tax collections are up 14% for the year, and up 11% for the month of December. Resort hotels were up 14%, full service hotels up 5.5%, and limited service hotels up 4.1%.

b. Bed Tax Proforma

Lee Guillory noted a change to the proforma to include debt service related to the TPC renovations in the FY2014/15 column. She explained that one portion of the proforma can be likened to a checking account, reflecting revenues and annual expenses, whereas the carryover serves as a savings account. In years where revenues and expenses are identical, no funds are swept into carryover. When revenues are lower than expenses, money in the carryover balance can be used to cover the shortfall. Carryover funds can also be used for one-time capital commitments.

Ms. Guillory proposed a footnote to the proforma that would clarify how much has been allocated towards the Tony Nelssen Equestrian Center and the Museum of the West. Just under \$5 million has been committed in one-time funds towards TNEC, plus there are annual payments of \$588,000 and \$1.2 million. At WestWorld, \$175,000 was used to resolve ADA compliance issues, and \$600,000 per year is allocated towards debt service on 80 acres of land acquired for parking. For the museum, the City has committed to matching the first \$400,000 per year for five years to cover operating expenses. When the museum debt is issued, \$900,000 of the carryover will be set aside as a debt service reserve, and tourism will fund \$900,000 of debt service annually.

Vice-Chairperson Enders inquired about the debt service commitments for the TPC renovations. Chairperson Scholefield inquired about the total financial commitment for the entire length of each capital project. Ms. Guillory undertook to provide answers to those questions at a future meeting.

c. Smith Travel Report

Mr. Geiogamah reported that occupancy is up 4.7% year to date. The Average Daily Rate is up 4% and RevPar is up 6.9%. The past ten months have trended positively over the previous year in all three hotel performance indicators.

d. Program Updates

Madeline Clemann presented hospitality trolley ridership numbers gathered so far this season, noting that overall ridership is up slightly over the last two years. The TPC and Barrett-Jackson boardings were up 12%. Chairperson Scholefield proposed comparing Smith Travel Research statistics against trolley statistics to determine whether a correlation exists between ridership and hotel occupancy.

Mr. Geiogamah noted that the Tourism Advisory Task Force provided an update to City Council on February 11, and is prepared to move forward with Council's guidance. The next TATF meeting is March 19 at SkySong. Task Force Chairman Holdsworth will provide an update at an upcoming TDC meeting regarding progress on the plan.

Vice-Chairperson Enders provided an update on the Event Working Group. Recommendations include a proposal to allow pre-event public relations to count up to 50% of the required marketing spend. Mr. Geiogamah added that the working group also discussed how to better promote the event program itself. Staff is exploring the option of offering a year-round application process for the Tiered program and Community Event program in the next fiscal year. A meeting on February 26 at the Civic Center Library will discuss ways to improve the event program.

4. Tourism Development Commission Annual Report

Mr. Geiogamah presented the revised version of the TDC Annual Report approved by the Commission last month, and noted that three comments were submitted subsequently, requiring a new vote.

COMMISSIONER HIROSE MOVED TO APPROVE THE AMENDED TOURISM DEVELOPMENT COMMISSION ANNUAL REPORT AS AMENDED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

5. Tourism-Related Capital Projects Evaluation Process

Mr. Geiogamah presented a proposal for evaluating tourism-related capital projects as they are introduced for potential funding. The information has been developed from past work studies and distributed to City staff for feedback. The item will be brought forward for a Commission vote next month. Commissioner Hirose suggested adding criteria related to the project completion timeline.

6. Preliminary FY2014/15 Destination Marketing Program Objectives

Mr. Geiogamah requested feedback from the Commission regarding objectives outlined for the Destination Marketing Program. The SCVB marketing program and contract budget is typically presented to City Council in June. The contract performance measurements and objectives will go before the TDC on May 20 for final recommendation.

7. Horses & Horsepower Event Proposal

Jason Rose requested \$75,000 to support the 2014 Horses & Horsepower event in October. He announced that the U.S. Polo Association room block will stay in Scottsdale, and that the marketing spend this year exceeds the previous requirements. This is the last year that H&H will be eligible for new event funding. The TDC's past support has enabled it to become the largest polo event in the U.S.

Mr. Rose stated that three years is enough time to allow new events to develop the corporate sponsorships they need to become self-sustaining. Commissioner Hirose expressed surprise at the poor rating received by the polo tournament for national and international exposure in the Artigue Agency's earned media report. Mr. Rose called the assessment highly inaccurate. Chairperson Scholefield proposed a discussion with the Artigue Agency on their evaluation criteria. Mr. Geiogamah agreed to invite Ray Artigue to a future Event Working Group meeting to discuss evaluation assumptions and judgments. He noted that H&H scored fairly well in other categories overall.

VICE CHAIRPERSON ENDERS MOVED TO APPROVE \$75,000 IN FY2014/15 NEW EVENT PROGRAM FUNDING IN SUPPORT OF THE HORSES & HORSEPOWER EVENT. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF SEVEN (7) TO ZERO (0).

8. Identification of Future Agenda Items

Mr. Geiogamah announced that City Attorney's Office will provide an update in March regarding the gift clause. The TDC will review an informational item on a proposed ESPN event centered around the Super Bowl broadcast. The Destination Marketing Guide will return for further discussion.

Chairperson Scholefield requested a trolley update and confirmation that the U.S. Polo Association meeting was booked in a Scottsdale property. He also requested an update on the capital projects evaluation.

Lee Guillory said staff intends to present some ideas for potential uses for the carryover/savings account on March 18. The report will include a brief history of the carryover fund.

9. Public Comment

Sandy Schenkat questioned Jason Rose's claim that Horses & Horsepower is the largest polo event in the U.S. Mr. Rose responded, explaining why he considers the event the largest in the country based on attendance.

10. Adjournment

The meeting adjourned at 8:47 a.m.

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